AMERICAN CAN COMPANY ANNUAL REPORT 1969

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American Can Company, which had 1969 sales of $1,723,729,000, is divided into three business areas: 1) Packaging; 2) Consumer and Service Industries; and 3) Venture Businesses, which includes international operations, chemical products and printing services.

Packaging, the largest of the three groups, is noted for its pioneering ability to solve customer problems through innovative packaging systems, containers, designs, shapes and brilliantly colored printing. This group manufactures approximately 2,000 different containers and packaging products from steel, paper, aluminum, plastics and combinations of materials. In 1969 the group produced nearly 20 billion metal containers.

Consumer and Service Industries is the second largest business. Its products range from Dixie cups, paper towels and napkins and bathroom tissue to entire place settings of disposable plates, cups and utensils. The group sells disposable meal services and tissue products to individual consumers and to schools, fast food outlets and airlines. The Butterick division manufactures nearly 70 million Vogue and Butterick fashion patterns each year and markets them in the United States and 18 other countries. From its base in patterns, Butterick is expanding into an integrated, international, fashion marketing organization.

The Venture Businesses group includes operations in smaller but developing business areas. Its chemical operations include M&T Chemicals Inc. and Chemplex Company. M&T is a supplier of specialty chemicals, organic and metallic finishes and processes, and also equipment for the metal finishing industry. M&T subsidiaries operate in six countries abroad. Chemplex, a joint venture with Skelly Oil Company, is a large producer of plastic resins. Printing Corporation of America, a commercial printer acquired in 1968, supplied more than 200 million copies of magazines as well as millions of hard cover textbooks to the nation's leading publishers in 1969. In the international area, American Can subsidiaries operate plants in 21 countries.

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The young lady at the right typifies the American female consumer who will be a primary buyer of goods and services in the 1970's. She is the major target of American Can and its customers. The young lady's pleased expression, by the way, reflects her satisfaction with the new dress she has just made—from one of the 70 million Vogue and Butterick patterns we produce each year.

In Thousands of Dollars except per share amounts	1969	1968
Net sales	$1,723,729	$1,636,298
Income before Federal and other taxes on income	125,730	149,666
Net income	64,569	77,896
Return on sales:		
Before taxes	7.3%	9.1%
After taxes	3.7%	4.8%
Earnings per share of common stock	3.48	4.24
Dividends:		
On preferred stock, $1.75 per share	2,908	2,908
On common stock, $2.20 per share	38,898	39,209
Book value per share of common stock	39.44	38.14
Capital expenditures (replacement and new facilities)	114,991	164,356
Depreciation and depletion	64,397	61,255
Taxes of all kinds, including income and social security taxes	100,485	107,888
Total taxes per share of common stock	5.67	6.10
Total payroll and employee benefits	572,692	534,736
Stockholders:		
Common stock	113,446	116,079
Preferred stock	7,402	6,316
Average number of employees	54,500	54,600

Billions of Dixie cups, paper plates, plastic utensils and other disposable products were sold to the rapidly growing fast-food market in 1969. Shown here is our Dine/Out hot food container and Dixie's new Fling design cup, created with the teenagers in mind.

American Can Company increased sales in 1969, but profits declined after five years of unbroken growth. Profits are expected to resume their upward trend in 1970.

Net sales rose to $1,723,729,000 in 1969 from 1968 sales of $1,636,298,000. Net income was $64,569,000, or $3.48 per common share, compared with $77,896,000, or $4.24 per share in 1968.

Several of the projects that caused a drain on 1969 earnings are expected to contribute to profits in 1970.

As reported to you earlier, Chemplex, our joint venture with Skelly Oil Company to produce plastic resins, was plagued by equipment failure. Action was taken to modify the defective equipment, and production was beginning to run smoothly at year's end.

Printing Corporation of America started an extensive modernization program in 1969, involving consolidation of facilities, the installation of new high-speed equipment and the closing of inefficient operations. PCA was moving toward the black at year-end.

Work proceeded on two major paper programs, the new Halsey, Ore., pulp and paper mill and the new Rothschild, Wis., fine printing paper machine. Both started up late in 1969 and will be in full operation this year.

Heavy investments were made in 1969 to expand production of the MiraSeam can, manufactured with a bonded rather than soldered side seam. At year-end we were producing MiraSeam cans at 21 locations.

We introduced MiraSeam cans in 1966, and had produced two billion MiraSeam cans by the end of 1968; we produced another three billion in 1969, and in 1970 expect to produce approximately five billion.

In several areas American Can in 1970 should realize more of the benefits of the capital investment program of recent years. From 1967 through 1969 the company invested approximately $420 million in property, equipment and new facilities. Capital expenditures in 1970 are expected to approximate $100 million.

In 1970 and the years that follow, American Can should benefit increasingly from the corporate reorganization announced early in 1969. We changed from a functionally oriented company organized around sales and manufacturing departments to a business-oriented company in which we have three groupings: Packaging, Consumer and Service Industries, and Venture Businesses—which includes the international operations, chemical products and printing services. Each of these groups is now, in effect, a separate company headed by its own executive.

The Packaging group, reflecting strong demand for MiraSeam cans, increased sales by 2.9 per cent over 1968. Operating income, however, declined eight per cent. Contributing to the decline in profits were costs associated with starting up MiraSeam can production, dislocations in the food and beverage packaging operations caused by nature and government action, and higher costs not offset by increased selling prices.

Starting in 1970, MiraSystem—our new marketing services program—will be installed and begin producing MiraSeam cans on location at customers' plants. Under this program we own and operate the manufacturing equipment in space provided by the customer. We believe that the economies and efficiencies inherent in this approach are attractive and should curb the temptation among beer and beverage companies to produce their own cans.

Consumer and Service Industries increased sales 11 per cent. Operating income fell seven per cent, due chiefly to start-up costs, shifts in product mix, the cost-profit squeeze, and advertising investment. In addition to strong consumer sales of convenience paper products and dress patterns, we experienced growing demand for disposables from the popular fast food operations. Labor shortages in schools and hospitals are stimulating a great interest in our food service systems that dispose of cups, plates, trays, utensils and leftover food.

Our Venture Businesses group operated at a loss, reflecting start-up and changeover costs at Chemplex, and in our printing services. Our M&T Chemicals operations, with sales in excess of $90 million, achieved a record year for both sales and income.

Our international operations in total did not contribute to profits in 1969. However, operations abroad and markets for our products are improving. In Western Europe we have established an important position in flexible packaging, and in the United Kingdom our can-making facilities are gaining an increasing share of that market. We have Eurodollars available for future investment.

William F. May, Chairman of the Board and President

We expect improved communication and heightened business effectiveness to result from our move this spring to American Can's new Greenwich, Conn., headquarters.

Turning to the area of human relations, I am pleased to report that we are ahead of schedule in our program to increase the number of minority group employees at American Can, and to upgrade minority men and women in a number of categories.

We are continually at work on the problems of environmental control. Our new pulp and paper operations at Halsey, Ore., contain the most modern pollution abatement devices. Through the years our researchers have developed a variety of previously discarded industrial wastes into successful commercial products, and research continues in this area.

From a business standpoint, we believe that American Can will continue to grow, benefiting increasingly from the policy decisions and investments in plant, product and human development made in past years. In a very real sense, the solution to past and present problems, and the adaptability of the corporation to future change, derive directly from the skilled and dedicated efforts of thousands of men and women in offices, plants and laboratories in the United States and 21 other countries.

The problems of society, while they are great, are also more clearly identified daily. They can be solved, and American Can Company—54,000 people strong—will certainly do its part. This is the prevailing attitude, we believe, of enlightened business people throughout the nation.

Respectfully submitted,

William F. May

William F. May, Chairman and President

February 9,1970

Flexible materials have opened up a new world of packaging. Aluminum foil, plastic films, papers and paperboard, shown here in rolls, can be sandwiched together in endless combinations to meet special customer needs—from snack foo packages to boil-in bags for frozen foods.

The decade of the sixties was one of great technological achievement.

The seventies, in American Can management's view, will be focused less on technological breakthroughs, and concentrated more on applying existing technology in new and varied ways. The most important emphasis will be on improving the quality of living.

Quality of living, of course, relates as much to eliminating society's problems as it does to adding goods and services that enhance man's well being. Certainly, in the decade ahead, our national problem of environmental quality must be faced and solved. Certainly, equal employment opportunity must be extended to all Americans, and "equal" must include helping men and women to upgrade their competitive skills.

Beyond these obvious challenges is something new to business, something not yet clearly defined. This is the direct participation of business with other institutions of society to deal forthrightly with today's social problems. In this area of change, American Can is participating as ably as it can to the extent that its resources and its responsibilities to stockholders, customers and employees allow.

As for our business, the outlook for the 1970's is positive. American Can has been preparing for new business opportunities since 1966 when it decisively shifted the company's emphasis away from its products and toward the needs, wants and opportunities of its customers. Today, in products, research and marketing, American Can is focused on the final consumer who buys American products directly or products sold by others in American Can packaging.

During the past three years American Can has spent $420 million on land, buildings, equipment and new facilities. This money was used for two major purposes: First, to insure American Can's continuing leadership in development and commercial production of container and packaging products. Second, to establish strong foundations in the areas of consumer products and services, printing and chemicals.

Increasing quantities of American Can brand-name products are identifiable in stores or homes, or are in service at hospitals, schools, restaurants and other institutions. Demand for consumer and service products is expected to accelerate in the 1970's. American Can is moving on many fronts to meet the growing needs for convenience and quality in personal care, family feeding, creative personal fulfillment and leisure activity.

American Can's basic strength lies in its primary position as a pioneer in the development and production of containers and packaging materials. It has been the growth and success of these products that have provided and will continue to provide resources to help American Can to carry out its program of building large new markets.

At American Can's Princeton research center, the laser is tested for use in the new high-speed packaging systems of the seventies. The company's research is directed both at maintaining leadership in packaging and also at meeting the growing demand for convenience and quality in areas of personal care, family feeding and communications.

Packaging is the largest of the three operating business groups which make up American Can Company. In 1969 packaging and container sales reached a record $1,164,-000,000. Nearly 2,000 different styles of packages and containers made from metal, paper, plastic, and combinations of these materials were manufactured in 83 plants throughout the United States and in Canada, Puerto Rico, and Samoa.

In the beer and beverage can manufacturing operations, 1969 was a year of transition. Strong demand from the brewing industry for MiraSeam cans necessitated major equipment conversions and personnel training programs. By the end of the year 21 of our beer container manufacturing plants were equipped to produce this revolutionary can, introduced by American in 1966.

From its introduction in 1966 through 1968, we produced about 2-billion of these containers. In 1969 we manufactured more than 3-billion, and in 1970 we expect to produce approximately 5-billion MiraSeam containers for beer and beverage producers.

The MiraSeam can, with its adhesive bond, eliminates the limitations of soldered seams and permits the use of tin-free steel, aluminum or other promising can-making raw materials. Unlike its soldered counterpart, the MiraSeam can may be completely lithographed.

Further manufacturing adjustments were dictated by the increase in demand for easy-open can ends. Stimulated by the success of this convenience feature in the beer and carbonated beverage field, demand has spread to a wide variety of canned food products, including snacks, juice, dietary drinks and light fruits.

The beer and beverage marketing group participated fully in the rapid growth experienced by these customer industries. The market for beer cans is growing at an 8.7 per cent annual rate, and cans for carbonated beverages are growing at a 17.1 per cent per year pace.

A key to future growth in the beverage field was the introduction in 1969 of MiraSystem, a complete systems approach for converting plate and ends into cans on location at customers' plants.

We reached agreement with seven brewers and carbonated beverage packers, including one at three locations, to install 13 lines in their plants. American Can will own the lines and will provide the operating personnel. The customer will save on the cost of his cans, and we expect to maintain our margins. The savings will come from reduction of handling and storage costs, as well as from full equipment utilization. We expect to have MiraSystem lines in operation with these seven customers in 1970.

Additional growth was experienced in liquor cocktail cans. Cocktails were not compatible with traditional steel cans. The adaptation of the MiraSeam concept to an aluminum can, combined with an aluminum easy-open end, has created a new market.

American's food packaging sales force offers a complete line of packaging and container products, including cans, plastic containers, food cartons, tubes, laminated pouches, film bags and paper wrappers.

Our new plastic ham can is an example of the new containers and packages resulting from the combining of materials and technologies. Consisting of a laminated plastic body for product protection and an easy-open aluminum end, the container has scored extremely well in consumer tests.

We also successfully developed several promising packaging materials in 1969 by laminating plastics with other plastics or with metal. One example is the Z-22 candy film which resists abrasion caused by sugar, doesn't cloud up and doesn't become brittle in cold weather.

In our recently-created General Packaging Division, which combined the drugs and cosmetics group with that of household and industrial packaging, we experienced success with our new plastic motor oil container, as well as with our aerosol business.

Our two keys to packaging success: creativity and systems. First, create a solution to a customer's problem—from canning a martini to packaging a slice of cheese. Second, build a system, using American Can machinery and materials, to deliver a package most efficiently for the customer.

Our Consumer and Service Industries group is as concerned with the needs of the American woman as it is with those of the industrial purchasing agent. She's current in fashion, concerned with the world around her, and interested in enriching her family's life style.

In 1969 we produced nearly 70 million Vogue and Butterick patterns in today's easy fashions for the expanding home sewing market, manufactured and marketed Dixie cups, Northern and Aurora bathroom and facial tissues, Gala and Northern paper towels, and developed new ways to serve hospital patients.

These activities are only part of the wide range of operations in American Can's Consumer and Service Industries group. Plants from Alabama to Wisconsin and from California to Delaware provide a large share of the paper and plastic disposables used in the growing fast food service market and produce lumber, pulp and fine printing papers.

Our Vogue Pattern Service is the world's largest purchaser of original Paris fashion designs. During 1969 Butterick's marketing capability was expanded by the addition of Unique invisible zippers, Unique pinking shears and other sewing and fashion accessories.

Our pattern business provides home sewing patterns and accessories at reasonable prices to women in 18 countries. We publish the *Vogue International Pattern Book* six times a year which sells 2.5 million copies per year, and the *Butterick Home Catalog* with a circulation of 1.5 million copies annually.

Butterick is also a publisher of two pre-eminent maga-

Our Dixie Jet Service is available in 30 coordinated serving pieces of paper, plastic and ceramic. It can solve massive feeding requirements on new jumbo jets, or brighten meal time for hospital patients.

zines for the grocery trade. *Progressive Grocer* has a circulation of 89,000. *Grocery Mfr.* has a circulation of 21,000. We also provide business services to the packaged goods market, including market data and sales promotion aids.

Modern living trends provide key sales impetus for our disposable products. To meet the demand for such products, we have continued to expand our line of towels and tissues. On the West Coast we improved our competitive position with the start-up in 1969 of our Halsey, Ore., pulp and paper mill. The new mill has a rated capacity of 300 tons of pulp a day and a tissue converting capacity of 200 tons a day.

The trend to convenience also stimulated sales of our Dixie paper and plastic serving pieces, which, along with placemats, plastic utensils, trays and containers, are changing the way we live.

In hospitals, restaurants and factories, Dixie disposable food service and personal care items are providing a practical and profitable alternative to institutional dishwashing and waste problems. Under the most exacting conditions at a major West Coast hospital, we found that our disposable meal service improved sanitation and was effective, economical and appreciated by the patient. The system includes a waste disposal unit that converts the paper and plastic items along with food scraps into one-fifth of their original volume and eliminates dishwashing.

In the printing paper area, this past year we started up our new facility for the manufacture of fine paper in Rothschild, Wis. The new machine can produce 200 tons of fine paper a day. An important feature of the machine is its off line coater scheduled for on-stream production in the latter part of the year. This speeds production for custom coated papers and other uses.

Lumber and plywood sales were mixed in 1969 because of the slowdown in new housing starts, but sales in pulp and paperboard continued to show a strong upsurge—a trend that we feel will continue.

American Can is beginning to benefit from $420 million in capital investment made over the past three years. West Coast markets, for example, are now being supplied with paper towels, tissues and napkins from our new Halsey, Ore., pulp and paper mill, above. This new facility incorporates the most modern pollution abatement equipment. The kitchen display at the right contains only a small sample of the Dixie, Gala, Northern and Aurora brand paper and plastic disposables that we make for the American housewife.

M&T Chemicals

M&T Chemicals recorded the highest sales and income in its 61-year history, with sales exceeding $90 million. M&T, a world leader in tin chemistry, produces a wide range of chemical additives which, among other things, stabilize plastics, retard fire in plastics and paint, and enhance the color and durability of ceramics. M&T provides an important metals recovery service in the reclamation of tin from scrap tinplate. It produces organic coatings and printing inks for appliances and electronic data processing equipment. It is also a leading supplier to the metal finishing industries, providing materials or equipment for the chromium plating of parts and trim of an estimated two out of three cars built in the United States.

In a major development during the critical nickel shortage in 1969, M&T introduced a new cobalt-nickel electroplating process, which reduces by nearly 50 per cent the amount of nickel required for plating appliances, automotive and other parts.

M&T research was a prime contributor in opening up many food markets to clear polyvinyl chloride (PVC) rigid containers. The Food and Drug Administration in 1968 approved, as food containers, PVC plastic bottles using M&T stabilizers. The impact-resistant, light-weight PVC plastic bottles are replacing glass for salad oil and other foods. The market is expected to grow substantially.

Metal reclamation, the process on which M&T was founded, operated at full production during the year. The detinning operation recycles two vital national resources, tin and steel, and in so doing eliminates what otherwise could create a solid waste disposal problem. Steel producers and the copper mining industry are requiring increasing quantities of clean steel scrap, and the tin is used to make chemicals for the pharmaceutical, agricultural and plastics industries.

With the increasing emphasis on solid waste disposal and water purification, M&T made a successful introduction in 1969 of its waste water treatment system for metal finishers. The system converts chemical waste into sludge suitable for land-fill and returns clean water that the metal finisher can re-use in his operations.

M&T has 10 subsidiaries and affiliates in seven countries, including the U.S. and Canada. During 1969 it strengthened its West German electroplating facility, added a coating manufacturing operation to its plating subsidiary in the Netherlands, and assumed management responsibility for a plating supplies manufacturer in the United Kingdom.

Chemplex

Plastics is one of the fastest growing industries in the country. Recognizing this growth potential, American Can in 1965 embarked on a joint venture with Skelly Oil Company to manufacture plastic resins. They formed the Chemplex Company, which now operates a plant at Clinton, Iowa.

During 1969 eight separate boiler failures put its facilities out of production for a total of many weeks. They have since installed a reserve boiler which we believe will prevent the complete plant shut-downs it encountered, and the original boilers have been modified by the manufacturer.

Additional facilities, which about doubled its polyethylene capacity, went on stream in the middle of the year. The plant now has an annual rated low-density polyethylene capacity of 180 million pounds and high-density capacity of 110 million pounds.

A major reason American Can joined the Chemplex venture was to establish close contact with sophisticated chemical research aimed at developing entirely new types of plastics technology at its Rolling Meadows Research and Development Center near Chicago. There, scientists are studying new methods of polymerization, new catalyst systems, and new ways to control the shape and design of polymer molecules.

The metal coated plastic appliance knobs, shown here, are examples of the advanced coating techniques developed by our M&T Chemicals subsidiary. M&T also makes a wide range of specialty chemicals.

Printing

Printing Corporation of America, the company's entry into the commercial printing business, which was acquired in 1968, began an extensive consolidation and modernization in 1969. American Can's objective is to build one of the most modern and profitable organizations in the nation. Part of the company's marketing strategy is to provide major national magazines with marked improvement in regional printing and service, enabling them to cut distribution costs in many localities.

During the year PCA added new high-speed web offset presses at plants in Bristol, Conn., and Pontiac, Ill. Its newest plant at Providence, R.I., will be further expanded in 1970.

During 1969 the company printed about 200 million copies of trade and business magazines, plus a wide assortment of hard-cover books for major publishing firms.

An area of promising growth potential is data-bank typesetting, in which information is instantly retrieved from computer storage and set into type by electronic means. American Can uses this system in the production of directories, catalogues and phone books.

International Operations

We have ownership in 26 companies located in 15 countries. Additionally, we have a close relationship with 34 associated firms which function primarily as licensees. Our share of sales in 1969 of all foreign operations in which we have a majority holding—including Butterick and M&T Chemicals, but excluding Canadian sales of $100 million—came to about $60 million.

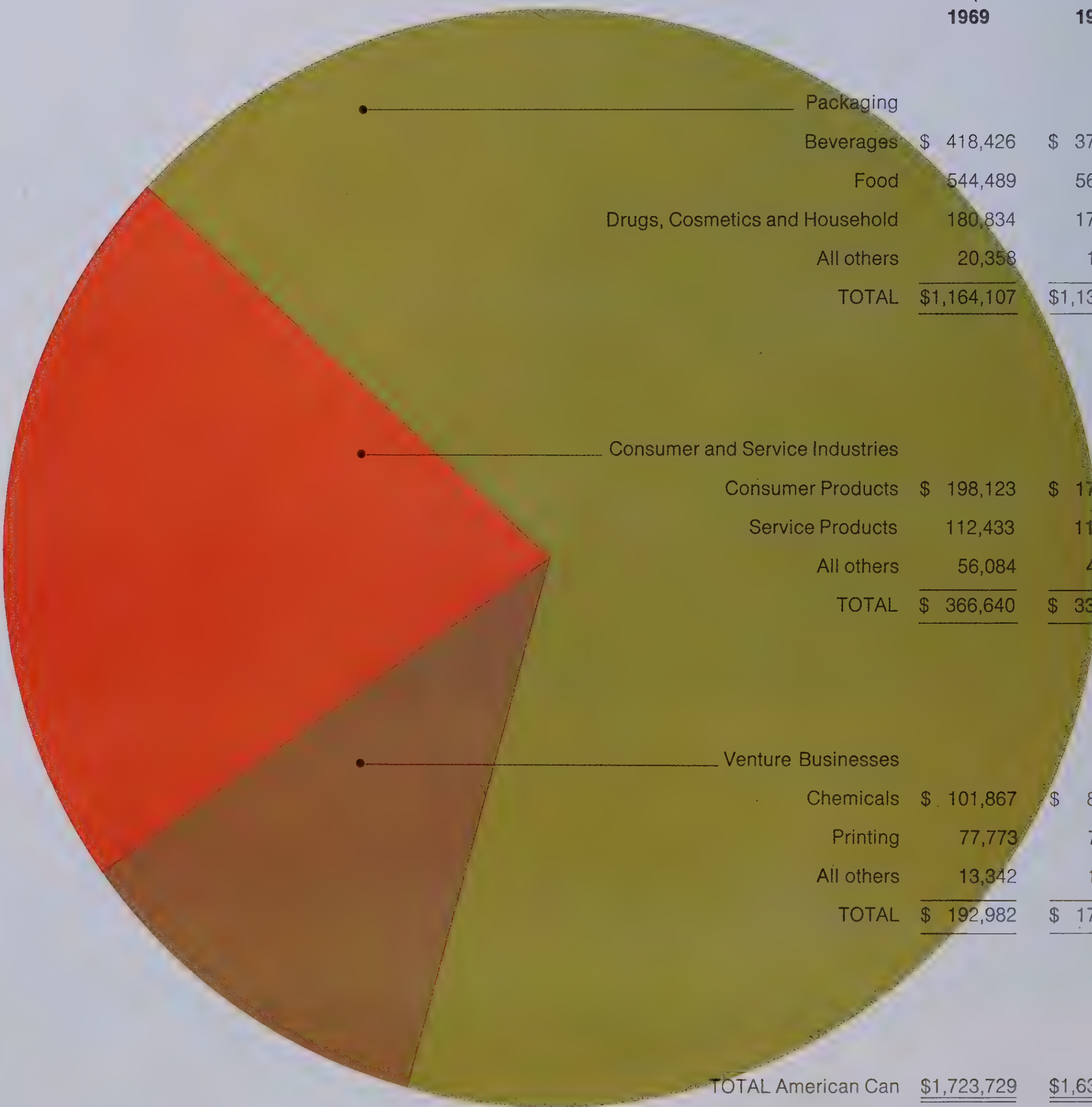
During 1969 we expanded our operations in Western Europe. This includes the acquisition of interests in two French packaging companies, one a manufacturer of flexible packaging and the other a producer of quality folding cartons. A new Dixie cup facility became operational in Sweden. In West Germany, the company's several operations were consolidated under one management.

We are a growing container producer in Great Britain through our majority-owned subsidiary, Reads, Limited. During the year Reads added beer and beverage can production in Liverpool and built a new plant in Grantham for the production of food cans.

The high-speed web printing equipment, right, is an example of the major investments being made to increase the efficiency of our printing services. Overseas, American Can has doubled its investment in the past four years. This collection of colorful cartons, above, was produced by Goossens S.A., now a French affiliate of American Can.

NET SALES COMPOSITION

In Thousands of Dollars



	1969	1968
Packaging		
Beverages	$ 418,426	$ 373,655
Food	544,489	565,651
Drugs, Cosmetics and Household	180,834	175,696
All others	20,358	16,534
TOTAL	$1,164,107	$1,131,536
Consumer and Service Industries		
Consumer Products	$ 198,123	$ 173,270
Service Products	112,433	112,109
All others	56,084	44,995
TOTAL	$ 366,640	$ 330,374
Venture Businesses		
Chemicals	$ 101,867	$ 85,384
Printing	77,773	73,039
All others	13,342	15,965
TOTAL	$ 192,982	$ 174,388
TOTAL American Can	$1,723,729	$1,636,298

Sales and earnings

American Can's sales rose to $1,723,729,000 in 1969, up from $1,636,298,000. Demand was particularly brisk for beer and beverage and a wide range of consumer products.

Net earnings were $64,569,000, or $3.48 a share, down from 1968's record level of $77,896,000, or $4.24 per share.

Major factors depressing earnings were start-up and turn-around expenses associated with the company's printing, chemicals and paper businesses, plus the expansion of MiraSeam production lines to some 60 per cent of the company's total beer can production. Sales were below 1968 in the food packaging areas, reflecting lower packs of meat, fish, vegetables and dairy products. Government action on cyclamates also reduced beverage container revenues. In addition, American Can, like many others, experienced a severe cost-price squeeze. Profits should improve in 1970 as the company begins to benefit from metal container price increases, an intensive cost reduction program and elimination of major start-up costs that were absorbed in 1969.

Major capital program nears completion

For the three years 1967 through 1969, American Can spent an average of $140 million a year on capital projects. It built two major paper facilities, the Halsey, Ore., pulp and paper mill which can turn out 300 tons of pulp and 200 tons of tissue products a day, and the Rothschild, Wis., mill which added a daily capacity of 200 tons of fine paper. Both facilities started up in late 1969. Chemplex Company, American Can's joint venture with the Skelly Oil Company, expanded its capacity to produce low and high density polyethylene. During the last three years large expenditures also have gone to build up the company's MiraSeam production capacity. American Can's capital expenditures in 1970 should drop to around $100 million, signalling the conclusion of these major capital programs.

International operations expanded

During 1969 American Can subsidiaries acquired interests in two French packaging companies and put into operation a new Dixie cup facility in Sweden. Can production in Great Britain also was expanded. The company's share of sales in 1969 of all subsidiaries in which it has a majority holding came to about $60 million.

Research and development

American Can's research and development outlays have been running somewhat in excess of $20 million annually for several years and will continue at this level in 1970.

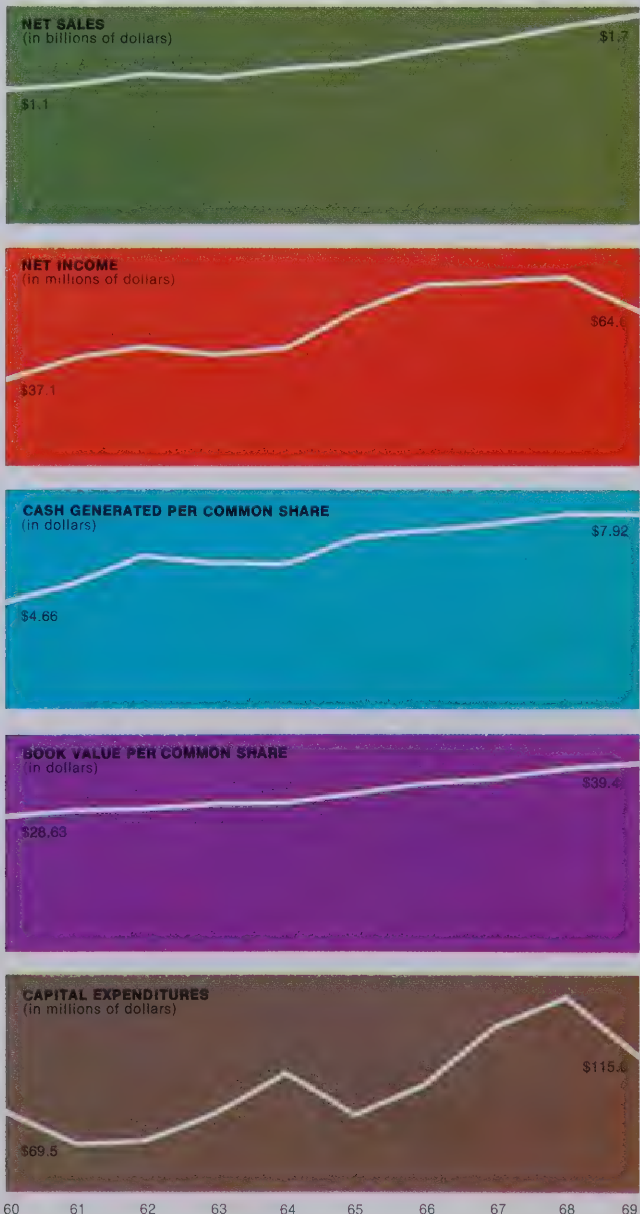
Financial position

Based on present capital expansion plans, the company does not anticipate the need for long-term financing in 1970. The company's working capital position at the close of 1969 amounted to $315,118,000, compared to $311,450,000 a year earlier. Ratio of current assets to current liabilities was 2.62 to 1.

PERSONNEL REVIEW

Since the last report to our stockholders several vice presidents have been appointed, and G.W. Henderson was named president and chief executive officer of American Can of Canada Limited. The vice presidents are Leonard A. Britzke, corporate engineering; John M. Dalton, marketing-beverage packaging; Douglas M. Johnson, printing; William J. Smith, manufacturing-plastic products; Harold L. Hansen, product development and program management, consumer and service industries; I. Francis Spagnoletti, planning and control, packaging; William J. Hollis, control and planning administration, consumer and service industries; James R. McNevins, marketing, food packaging.

TEN YEAR FINANCIAL SUMMARY



	1969
Net sales	$ 1,723,729
Income before Federal and other taxes on income	125,730
Net income	64,569
Return on sales:	
Before taxes	7.3
After taxes	3.7
Earnings per share of common stock	3.48
Dividends:	
On preferred stock ($1.75 per share)	2,908
On common stock	38,898
Per share of American Can common stock	2.20
Remainder of net income reinvested in the business	22,763
Cash generated per common share	7.92
Book value per share of common stock	39.44
Capital expenditures (replacement and new facilities)	114,991
Depreciation and depletion	64,397
Taxes of all kinds, including income (excluding tax effect of extraordinary loss in 1967) and social security taxes	100,485
Total taxes per share of common stock	5.67
Total payroll and employee benefits	572,692
Stockholders:	
Common stock	113,446
Preferred stock	7,402
Average number of employees	54,500
Earned on equity and borrowed capital investment	5.5
Number of shares outstanding:	
Preferred stock	1,661,502
Common stock	17,738,282
Ratio of current assets to current liabilities	2.62 to 1

In Thousands of Dollars, except per share amounts

1968	1967	1966	1965	1964	1963	1962	1961	1960
$ 1,636,298	$ 1,521,814	$ 1,449,054	$ 1,337,123	$ 1,292,107	$ 1,227,706	$ 1,248,243	$ 1,159,876	$ 1,132,873
149,666	143,552	142,012	119,555	92,571	96,545	104,517	100,587	78,750
77,896	76,115(1)	74,868	65,008	49,703	46,961	50,155	46,456	37,132
9.1	9.4	9.8	8.9	7.2	7.9	8.4	8.7	7.0
4.8	5.0(1)	5.2	4.9	3.8	3.8	4.0	4.0	3.3
4.24	4.18(1)	4.12	3.57	2.70	2.52	2.71	2.58	2.04
2,908	2,908	2,908	2,930	2,964	3,008	2,948	2,928	2,989
39,209	37,545	37,316	37,593	33,441	33,391	33,311	32,390	32,283
2.20	2.20	2.20	2.05	2.00	2.00	2.00	2.00	2.00
35,779	20,048	34,644	27,485	13,298	10,562	13,896	11,138	1,860
7.92	7.51	7.28	7.17	5.94	6.08	6.28	5.25	4.66
38.14	36.28	35.09	33.10	31.49	30.76	30.03	29.67	28.63
164,356	141,159	92,421	66,626	100,914	68,494	43,579	42,665	69,475
61,255	57,271	53,838	52,986	49,672	46,967	44,300	41,034	39,109
107,888	100,401	97,519	80,918	69,377	76,364	80,352	78,243	64,789
6.10	5.72	5.58	4.64	4.00	4.41	4.60	4.64	3.87
534,736	491,694	465,888	437,633	429,206	412,032	396,321	352,572	352,029
116,079	118,590	120,239	120,224	122,245	118,675	117,929	115,283	106,524
6,316	6,244	6,278	6,449	6,923	7,129	7,210	7,158	6,778
54,600	53,600	52,200	52,300	52,300	50,600	51,221	48,487	50,215
6.8	7.0(1)	7.7	7.0	5.5	5.3	5.8	5.6	4.6
1,661,502	1,661,502	1,661,502	1,661,502	1,661,502	1,661,502	1,661,502	1,661,502	1,661,502
17,694,249	17,564,371	17,487,843	17,447,236	17,347,674	17,327,962	17,451,411	16,850,474	16,729,541
2.72 to 1	2.94 to 1	2.59 to 1	2.77 to 1	2.95 to 1	3.44 to 1	3.25 to 1	2.75 to 1	2.83 to 1

(1) Before extraordinary loss of $15,614,000 amounting to $.89 per share, reducing earnings per share to $3.29.

Prior years have been recast to reflect all poolings of interests for the 10-year period.

STATEMENT OF FINANCIAL POSITION

December 31, 1969 and December 31, 1968

			In Thousands of Dollars	
			1969	**1968**
Assets				
Cash			$ 25,580	$ 25,425
Eurodollar time deposits and other temporary cash investments			28,910	38,008
Accounts and notes receivable, less allowances:				
1969, $7,167; 1968, $6,277			176,911	163,870
Inventories (Note 2)			277,795	264,882
Total current assets			509,196	492,185
Investments in and advances to nonconsolidated subsidiaries (Note 1)			41,652	33,728
Miscellaneous investments and receivables			6,997	5,931
Funds held by Trustee for construction			—	6,110
Land, buildings, equipment and timberlands, at cost,				
less allowance for depreciation (Note 6)				
	1969	**1968**		
Buildings	$ 296,637	$ 296,937		
Machinery and equipment	1,037,234	951,327		
	1,333,871	1,248,264		
Allowance for depreciation	626,806	604,140		
	707,065	644,124		
Timberlands	30,932	29,221		
Construction in progress	34,315	79,923		
Land	18,462	20,093	790,774	773,361
Deferred charges to future operations			16,452	16,117
Goodwill and other intangible assets			6,550	6,550
			$1,371,621	$1,333,982

The accompanying notes are an integral part of this statement.

	In Thousands of Dollars 1969	1968
Liabilities		
Notes payable to banks, principally Eurodollar	$ 13,734	$ 7,850
Accounts payable and accrued expenses	144,999	128,258
Dividends payable	10,483	10,404
Federal and other taxes on income (Note 4)	13,256	24,370
Long-term indebtedness payable within one year	11,606	9,853
Total current liabilities	194,078	180,735
Long-term indebtedness (Note 3)	335,945	350,565
Deferred taxes on income (Note 4)	101,143	86,781
	631,166	618,081
Capital		
Capital stock:		
Preferred, 7 per cent, cumulative and noncallable, par value $25 per share; authorized 1,760,000 shares, issued 1,661,502 shares	41,538	41,538
Preference, without par value; authorized, 5,000,000 shares, issued, none	—	—
Common, par value $12.50 per share; authorized 30,000,000 shares, issued: 1969, 17,823,645 shares; 1968, 17,779,612 shares (Note 5)	222,796	222,245
Capital in excess of par value (Note 5)	20,448	19,208
Earnings reinvested in the business	459,515	436,752
	744,297	719,743
Less, Common treasury stock, 85,363 shares, at cost	3,842	3,842
	740,455	715,901
	$1,371,621	$1,333,982

Alden H. Christianson, Vice President and Comptroller

STATEMENT OF OPERATIONS

American Can Company and its consolidated subsidiaries

For the Years Ended December 31, 1969 and December 31, 1968

	In Thousands of Dollars 1969	1968
Net sales	$1,723,729	$1,636,298
Costs and expenses (Note 6)	1,579,401	1,473,293
	144,328	163,005
Other income, net	1,784	2,971
	146,112	165,976
Interest expense	20,382	16,310
	125,730	149,666
Provision for Federal and other taxes on income (Note 4)	61,161	71,770
Net income	64,569	77,896
Less, Dividends:		
Preferred stock ($1.75 per share)	2,908	2,908
Common stock ($2.20 per share)	38,898	39,209
	41,806	42,117
Remainder of net income reinvested in the business	22,763	35,779
Earnings reinvested in the business at beginning of year	436,752	400,973
Earnings reinvested in the business at end of year	$ 459,515	$ 436,752
Earnings per share of common stock	$3.48	$4.24

The accompanying notes are an integral part of this statement.

Alden H. Christianson, Vice President and Comptroller

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

American Can Company and its consolidated subsidiaries

For the Years Ended December 31, 1969 and December 31, 1968

	In Thousands of Dollars	
	1969	**1968**
Funds provided by:		
Net income	$ 64,569	$ 77,896
Charges to operations not requiring funds:		
Depreciation and depletion	64,397	61,255
Deferred taxes on income	14,362	3,848
	143,328	142,999
Common stock issued for business purchased	—	303
Common stock sold to employees under stock option plans	1,791	964
Decrease in funds held by Trustee for construction	6,110	668
	151,229	144,934
Funds used for:		
Land, buildings, equipment and timberlands:		
Replacement and new facilities	114,991	164,356
Sold or retired, net of accumulated depreciation	(33,181)	(25,069)
	81,810	139,287
Dividends declared on common and preferred stock	41,806	42,117
Decrease (increase) in long-term indebtedness	14,620	(41,337)
Increase in noncurrent investments and receivables	8,990	8,393
Increase in deferred charges to future operations	335	1,097
Increase in goodwill and other intangible assets	—	498
	147,561	150,055
Increase (decrease) in working capital	$ 3,668	$ (5,121)

The accompanying notes are an integral part of this statement.

Alden H. Christianson, Vice President and Comptroller

1 The financial statements include all significant domestic and Canadian subsidiaries and an undivided one-half interest in the assets, liabilities and results of operations of an unincorporated joint venture to manufacture and sell petrochemical products. Investments in nonconsolidated subsidiaries, principally foreign, are stated at cost adjusted for change in equity since acquisition.

The 1968 financial statements have been restated to include on a pooling of interests basis a business acquired in 1969 in exchange for 100,000 shares of the Company's common stock.

2 Inventories are stated at the lower of cost (first-in, first-out; last-in, first-out; and average) or market. A summary of inventories follows:

	In Thousands of Dollars	
	1969	**1968**
Raw materials and supplies	$106,765	$105,975
Work in process	75,432	70,049
Finished product	95,598	88,858
	$277,795	$264,882

3 Long-term indebtedness payable after one year consisted of the following:

	In Thousands of Dollars	
	1969	**1968**
2¾% Debentures, maturing 1971	$ 2,000	$ 4,000
3¼% Debentures, maturing 1982	12,592	14,000
3¾% Debentures, maturing 1988	62,799	65,609
4¾% Convertible debentures, maturing 1988	30,000	30,000
4¾% Debentures, maturing 1990	34,486	35,647
6% Debentures, maturing 1997	75,000	75,000
4¼% Notes, maturing 1980	39,975	43,550
3⅞% Notes, maturing 1981	18,750	20,000
6.2% Notes, maturing 1981	9,100	9,700
Lease indebtedness, payable 1971-1998	42,858	43,965
Other, principally purchase obligations 3.34%-7% payable 1971-1979	8,385	9,094
	$335,945	$350,565

The 4¾% Convertible debentures are convertible into common stock of the Company at $58.50 a share subject to adjustment upon certain events.

Payments due on long-term indebtedness during each of the next five years are: 1970, $11,606,000; 1971, $13,788,000; 1972, $12,473,000; 1973, $12,776,000 and 1974, $11,734,000.

4 The provision for Federal taxes on income includes amounts not currently payable as follows:

For income tax purposes, depreciation methods and rates differ from those used for financial accounting purposes. The resulting reduction in income taxes payable currently ($14,362,000 in 1969 and $3,848,000 in 1968) was added to deferred taxes on income.

Early in 1968, the Company sold its glass container business and related assets. The loss on the sale and the related tax effect were recognized for book purposes in 1967. For income tax purposes, the portion of such loss not claimed in prior years through accelerated depreciation methods, referred to above, was deductible in 1968 and reduced income taxes payable for that year approximately $7,500,000.

The investment tax credit, amounting to approximately $7,350,000 for 1969 and $6,950,000 for 1968, has been applied as a reduction of the income tax provision.

5 During 1969, 44,033 shares of common capital stock were issued for options exercised and conversion of scrip certificates. As a result, $551,000 was added to the common capital stock and $1,240,000 was added to capital in excess of par value. As indicated in Note 1, 100,000 shares were issued for a business acquired and treated as a pooling of interests.

Stockholders approved stock option plans in 1969 and 1959 for the granting of options to management employees (including officers) to purchase shares of the Company's common stock. Information regarding shares optioned and available for option under these plans is summarized as follows:

	1969 Plan Optioned Shares	1969 Plan Unoptioned Shares Available	1959 Plan Optioned Shares	1959 Plan Unoptioned Shares Available
Price range per share ..	$45.38 to 48.38		$22.42 to 56.69	
Balance, January 1, 1969			262,322	37,657
Authorized		200,000		
Granted	54,300	54,300*	17,500	17,500*
Transferred to 1969 Plan		20,157		20,157*
Exercised			44,023*	
Expired		31,205	33,995*	
Balance, December 31, 1969	54,300	197,062	201,804	—
Currently exercisable, December 31, 1969 ..	None		125,877	

*Deduction

At December 31, 1969, authorized common stock included shares reserved for:

	Shares
Exercise of options granted or which may be granted and conversion of scrip certificates ..	453,941
Conversion of 4¾% Convertible debentures (Note 3)	512,820
	966,761

On the assumption that all convertible debentures were converted and that all dilutive stock options outstanding were exercised, and after giving effect to resulting interest and related tax adjustments, earnings per share for 1969 would have been $3.42.

6 Costs and expenses include the following:

	In Thousands of Dollars 1969	1968
Selling and administrative expenses	$196,618	$178,028
Depreciation and depletion ...	64,397	61,255

Generally the various classes of fixed assets are depreciated over the estimated useful lives thereof on the straight-line method. Depletion of timberlands is computed principally on the basis of quantity cut in relation to the estimated total quantity in the respective tracts and is credited to the timberlands account.

7 The companies have in effect various pension plans covering the majority of their employees. It is the general policy of the companies to accrue and fund annually not less than current costs plus interest on unfunded prior service costs. The aggregate costs of these plans for the years 1969 and 1968 were approximately $18,350,000 and $16,500,000, respectively.

8 The companies were committed at December 31, 1969 for the purchase of plant and equipment in an aggregate amount of approximately $50,000,000.

Annual rentals under noncancelable leases in effect (principally for plants, warehouses and offices) at December 31, 1969 and expiring more than three years after that date amounted to $8,554,000 and are summarized according to lease termination periods as follows: 1973-1977, $2,096,000; 1978-1982, $1,424,000; 1983-1987, $445,000; after 1987, $4,589,000. These amounts are exclusive of payments of taxes and other expenses required under some of the leases.

At December 31, 1969, the Company had guaranteed the obligations of non-consolidated subsidiaries and affiliates aggregating approximately $23,000,000.

REPORT OF AUDITORS

To the Stockholders of American Can Company:

We have examined the statement of financial position of American Can Company and its Consolidated Subsidiaries as of December 31, 1969 and the statement of operations and the statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined similar financial statements of the Company for the year 1968.

In our opinion, the above-mentioned statements present fairly the financial position of American Can Company and its Consolidated Subsidiaries at December 31, 1969 and 1968, and the results of their operations and source and application of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Lybrand, Ross Bros. & Montgomery

New York, February 9, 1970.

AMERICAN
CAN'S
MANAGEMENT
COMMITTEE

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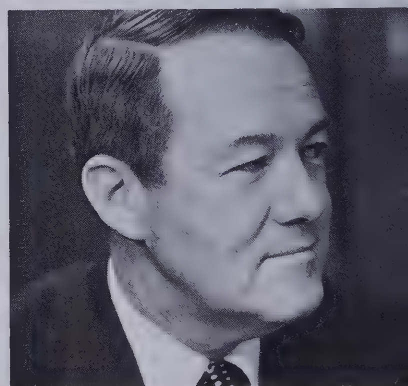
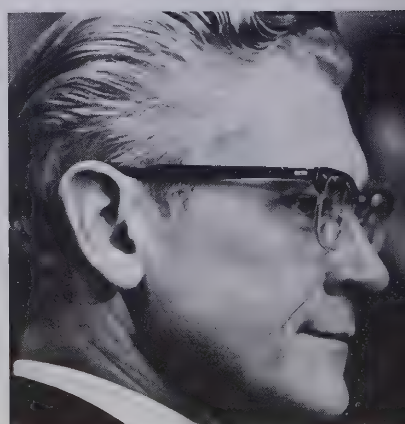
Howard R. Weckerley, *Senior Vice President*

D. Bruce Wiesley, *Senior Vice President*



Donald B. McCammond, *Vice President*



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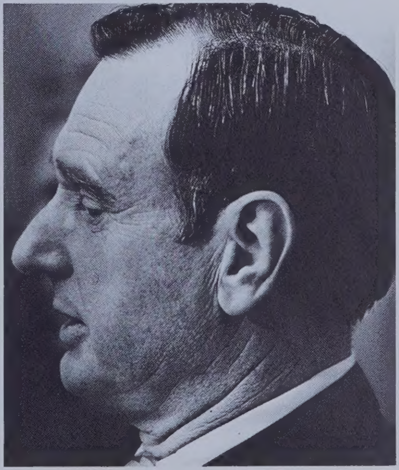

William F. May, *Chairman of the Board and President*

AMERICAN CAN COMPANY BOARD OF DIRECTORS

Annual Meeting:
The annual meeting of the stockholders will be held at the Commodore Hotel, New York City, at 10 a.m., Eastern daylight time, Tuesday, April 28, 1970.

Transfer Agent:
Bankers Trust Company, New York, N.Y.

Registrar:
First National City Bank, New York, N.Y.

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Corporate Public Relations and Advertising Department
American Can Company
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AMERICAN CAN COMPANY MANAGEMENT

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Corporate Operations and Controls

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Darrell F. Brown, Vice President—Administration, Corporate Operations and Controls

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Ross C. Wilcox, Vice President and Scientific Advisor

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*Helen H. Schaefer
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*Eleanor M. Guiffre
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*Corporate Officers

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Benjamin F. Bailar, Vice President—Marketing, General Packaging

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*Wade Hampton, Vice President, International Operations

Douglas M. Johnson, Vice President, Printing

Charles E. Martin, Vice President, Machinery and Equipment

L. William Sessions, Vice President, Chemicals

American Can Company 100 Park Avenue, New York, N.Y. 10017